**Instructions: 50 questions @ 2points each. Submit only the answers in a word document. If a question asks for the effect on costs or income of a certain action, you MUST give both the amount and the direction (increase/decrease) of the change in your answer. The answer to any question asking for a variance is incomplete without the direction of the variance (F/U).**

3. Powell Inc. measures its activity in terms of skeins of yarn dyed. Last month, the budgeted level of activity was 14,100 skeins and the actual level of activity was 13,700 skeins. The company's owner budgets for dye costs, a variable cost, at $0.40 per skein. The actual dye cost last month was $4,510. In the company's flexible budget performance report for last month, what would have been the spending variance for dye costs?

(for questions 4-7)  Doggy Day Care uses tenant-days as its measure of activity; an animal housed in the kennel for one day is counted as one tenant-day. During May, the kennel budgeted for 3,400 tenant-days, but its actual level of activity was 3,380 tenant-days. The kennel has provided the following data concerning the formulas used in its budgeting and its actual results for May:

Data used in budgeting:

 

Actual results for May:

 

 4. The net operating income in the planning budget for May would be:

5. The net operating income in the flexible budget for May would be:

 6. The activity variance for net operating income in May would be:

7. The overall revenue and spending variance for May would be:

(for questions 10-12)  James Company makes a product with the following standard costs:

 

The company reported the following results concerning this product in June.

 

The company applies variable overhead on the basis of direct labor-hours. The direct materials purchases variance is computed when the materials are purchased.

10. The materials quantity variance for June is:

11. The materials price variance for June is:
12. The labor efficiency variance for June is:

13. Wally Inc. uses a standard cost system in which it applies manufacturing overhead to units of product on the basis of standard direct labor-hours (DLHs). The following data pertain to last month's operations:

 

The fixed manufacturing overhead budget variance is:

14. Miller Inc. uses a standard cost system in which it applies manufacturing overhead to units of product on the basis of standard direct labor-hours (DLHs). The information below pertains to a recent month's activity:

 

The volume variance would be:

28. Condensed monthly operating income data for Power Inc. for November is presented below. Additional information regarding Power's operations follows the statement.

 

Three-quarters of each store's traceable fixed expenses are avoidable if the store were to be closed.

Power allocates common fixed expenses to each store on the basis of sales dollars.

Management estimates that closing the Town Store would result in a ten percent decrease in Mall Store sales, while closing the Mall Store would not affect Town Store sales.

The operating results for November are representative of all months.

 A decision by Power Inc. to close the Town Store would result in a monthly increase (decrease) in Power's operating income of:

29. (Ignore income taxes in this problem.) Roberts Inc. is considering the purchase of a machine that would cost $330,000 and would last for 5 years. At the end of 5 years, the machine would have a salvage value of $50,000. By reducing labor and other operating costs, the machine would provide annual cost savings of $76,000. The company requires a minimum pretax return of 12% on all investment projects. The net present value of the proposed project is:

31. (Ignore income taxes in this problem.) Browne Corporation is investigating an investment in equipment that would have a useful life of 9 years. The company uses a discount rate of 15% in its capital budgeting. The net present value of the investment, excluding the salvage value, is -$230,392. To the nearest whole dollar how large would the salvage value of the equipment have to be to make the investment in the equipment financially attractive?

 (for questions 34-35) (Ignore income taxes in this problem.) The management of Norcross Corporation is considering the purchase of a machine that would cost $310,000, would last for 6 years, and would have no salvage value. The machine would reduce labor and other costs by $116,000 per year. The company requires a minimum pretax return of 16% on all investment projects.

34. The present value of the annual cost savings of $116,000 is:

35. The net present value of the proposed project is:

36. The following transactions occurred last year at Inkster Inc.:

 

Based solely on the above information, the net cash provided by financing activities for the year on the statement of cash flows would be:

 40. Spade Company recorded the following events last year:

 

On the statement of cash flows, some of these events are classified as operating activities, some are classified as investing activities, and some are classified as financing activities.

  Based solely on the information above, the net cash provided by (used in) investing activities on the statement of cash flows would be:

 (for questions 41-43) The changes in Sable Inc.'s balance sheet account balances for last year appear below:

 

The company's income statement for the year appears below:

 

The company declared and paid $67,000 in cash dividends during the year. It did not dispose of any property, plant, and equipment during the year. The company uses the direct method to determine the net cash provided by operating activities.

 41. On the statement of cash flows, the sales revenue adjusted to a cash basis would be:

42. On the statement of cash flows, the cost of goods sold adjusted to a cash basis would be:

43. On the statement of cash flows, the selling and administrative expense adjusted to a cash basis would be: